



FORM INS-4 MAINE

2004

INSURANCE PREMIUM TAX RETURN

GENERAL INSTRUCTIONS

SUPPORTING RECORDS

Taxpayers should be prepared to provide supporting documentation for reported amounts that are not supported directly by information in the NAIC Annual Statement. Adequate records must be maintained in a manner that ensures their accessibility to the State Tax Assessor for a period of at least six years.

WHO MUST FILE

With the exception of Risk Retention Groups, every insurance company, captive insurance company, association or attorney-in-fact of a reciprocal insurer that does business or collects premiums or assessments (including annuity considerations) in Maine, including surety companies and companies engaged in the business of credit insurance or title insurance, must file estimated quarterly returns and an annual return. Risk Retention Groups are not required to file estimated quarterly returns but must file an annual return.

WHEN TO FILE

The annual return and the the final tax payment are due March 15, 2005. The return must include a copy of the NAIC Schedule T and the NAIC Maine state page. All schedules and documents submitted should be clearly identified with the Maine Revenue Services (MRS) Insurance Account Number for your company.

Estimated quarterly returns and payments are due April 30th, June 25th and October 31 and are filed on FORM INS-1, MAINE ESTIMATED QUARTERLY RETURN FOR PREMIUM AND/OR WORKERS COMPENSATION INSURANCE TAX. An insurance company with an annual tax liability not exceeding \$500 may, with approval of the State Tax Assessor, file only an annual return with payment.

MRS INSURANCE ACCOUNT NUMBER

The Maine Revenue Services (MRS) Insurance Account Number is an eleven digit identification number comprised of your nine digit federal EIN with a two digit Maine suffix. The suffix will be '01' unless you are notified by Maine Revenue Services that a different suffix has been assigned.

INTEREST AND PENALTIES

The State Tax Assessor annually establishes the interest rate. The interest rate for calendar year 2005 is 8%, compounded monthly. The monthly rate is 0.667%.

The penalty for failure to timely file a return is the greater of \$25 or 10% of the tax due. If the return is not filed within 30 days after the receipt of a demand notice to file, the penalty is 100% of the tax due.

The penalty for failure to pay a tax liability on time is 1% per month, up to 25% of the outstanding liability.

QUARTERLY PAYMENT OF ESTIMATED TAX

Insurance companies, with the exception of Risk Retention Groups, are required to make installment payments of estimated tax with the filing of quarterly returns. Payments are due April 30th, June 25th and October 31. See the instructions for FORM INS-1, MAINE ESTIMATED QUARTERLY RETURN FOR PREMIUM AND/OR WORKERS COMPENSATION INSURANCE TAX.

WHOLE DOLLAR AMOUNTS

Enter money items as whole dollar amounts. Drop any amount under 50 cents to the lower dollar amount and increase any amount 50 cents through 99 cents to the higher dollar amount.

FOR INFORMATION AND FORMS

Contact Maine Revenue Services.

Web site:	www.maine.gov/revenue
Address:	Maine Revenue Services PO Box 9120 Augusta, ME 04332-9120
Telephone:	(207) 624-9753 Monday-Friday, 8 a.m.-5 p.m.
Order Forms:	(207) 624-7894

STATUTORY REFERENCES

Title 36 MRSA §§ 2512 through 2529.

SPECIFIC INSTRUCTIONS

Part A - Maine Tax Computation

Premium amounts to be reported: A premium is an amount paid or payable for an insurance policy, including any fees, such as membership, policy, survey, inspection, service and finance fees, that are assessed by and paid to an insurance company in consideration for an insurance policy. The instructions below provide guidance to assist in the preparation of this return. However, accurate and full reporting of premium amounts, including any applicable fees, is the responsibility of each taxpayer.

Line 1a. Enter the gross direct accident and health premiums upon risks located or resident in Maine. Generally, accident and health premiums are reported on the NAIC Annual Statement, Schedule T, column 4, line 20.

Line 1b. Enter the gross direct life premiums upon risks located or resident in Maine. Generally, gross direct life premiums are reported on the NAIC Annual Statement, Schedule T, column 2, line 20.

Line 1c. Enter the gross direct property and casualty premiums upon risks located or resident in Maine. Generally, property and casualty premiums are reported on the Maine State Page of the NAIC Annual Statement, column 1 and related finance and service charges are reported on Schedule T, column 8 (Finance and Service Charges not Included in Premiums). Exclude direct workers compensation premiums that are reported on line 1d below.

Line 1d. Enter the gross direct workers compensation premiums upon risks located or resident in Maine. Generally, direct workers compensation premiums are reported on the Maine State Page of the NAIC Annual Statement, column 1, line 16.

The sum of lines 1c and 1d should reconcile to the total property and casualty premiums written during the year, including any related fees or service charges.

Line 1e. Enter the total Direct Title Insurance Premiums Written upon risks located or resident in Maine. Generally, Direct Title Insurance Premiums Written are reported on the NAIC Annual Statement, Schedule T, columns 3, 4 and 5, line 20.

Line 1g. Enter annuity considerations received during the taxable year for the purchase of immediate or deferred annuities. Generally, these are included on the NAIC Annual Statement, Schedule T, columns 3 and 6, line 20. Annuity considerations must be reported in the year in which the premium is paid by the annuitant, including payments made during the accumulation period for a deferred annuity. Tax on annuity considerations applies only to annuity contracts issued on or after August 1, 1943.

Line 1h. Enter **only** annuity considerations annuitized during this taxable year that were received in a tax year ending prior to January 1, 1999 and on which no premium tax has been paid. Annuity considerations received in tax years ending prior to January 1, 1999 upon which no tax was paid in the year received **must** be taxed in the year in which an annuity is actually purchased. (**See 36 M.R.S.A. § 2513.**) Annuity considerations reported on this line must include both the amount paid by the policyholder and the interest credited to the account that accumulated over the years before the policy was annuitized. Any amounts such as charges and/or fees collected by the company may not be deducted in calculating the amount reported.

Line 7. Subtract line 6 from line 1j and enter the difference on line 7. **The amount entered on line 7 should be equal to the total of lines 8a, 9a and 10a.**

Line 8a. Enter **only** the amount of net premiums on qualified group disability policies written by a large domestic insurer. A large domestic insurer (defined as an insurer domiciled in Maine with assets in excess of \$5,000,000,000 as reported on its annual statement) must pay tax at the rate of 2.55% on premiums on qualified group disability policies written.

Line 9a. Enter **only** the amount of net premiums on long-term care policies certified pursuant to Title 24-A, section 5054 and qualified group disability policies not included on line 8a. Long-term care policies that have not been certified are taxed at the rate of 2% and must, therefore, be included on line 10a. Premiums entered on line 9a must first be reduced by any allowable deductions. According to 36 M.R.S.A. § 2513, the term qualified group disability policies is limited to group health insurance policies properly reported as such in the insurer's annual statement and whose sole coverage is the full or partial replacement of an individual's income in the event of a disability. Policies that contain coverage in addition to replacement of income coverage are considered to solely provide that coverage as long as the premium related to the additional coverage is not more than 10% of the total premium charged.

Enclose supporting documentation if reporting gross direct premiums collected or contracted for long-term care policies **certified by the Superintendent of the Bureau of Insurance in accordance with Title 24-A, section 5054.**

Line 10a. Enter the premiums from line 7 less premiums reported on lines 8a and 9a.

The total of lines 8a, 9a and 10a must equal the amount entered on line 7.

SPECIFIC INSTRUCTIONS (CONTINUED)

Part B - Retaliatory Computation

Retaliatory taxes are assessed on foreign or alien insurers, licensed and doing business in Maine, whose state of incorporation (or province of Canada) would assess, in the aggregate, an overall higher tax on a Maine insurer than Maine assesses on such foreign or alien insurers operating in Maine. Enter on lines 12 through 15 the amounts from column H on Schedule 2 as indicated on Part B of Form INS-4.

Part C - Tax Due

Line 16. For foreign or alien insurers, the Maine Insurance Premiums Tax is the greater of the tax imposed by Maine or the tax that would be imposed by the insurer's state of incorporation (or province of Canada). Enter the greater of line 11 or line 15.

Line 18. Enter the overpayment carried forward from the previous tax year and any estimated payments made for the current tax year.

Line 19. Enter the amount of credits claimed in accordance with 36 MRSA §§ 2524 through 2529 (credit for employer-assisted daycare, credit for employer-provided long-term care benefits and the pine tree development zone credit). Tax credits cannot exceed the sum of lines 16 and 17. Attach a worksheet for each credit claimed (worksheets available at www.maine.gov/revenue).

Line 20. Enter the amount due. Payment must be attached to the return. Late payments are subject to interest and penalties (see general instructions).

Line 22a. PORTION OF OVERPAYMENT TO BE APPLIED TO NEXT YEAR'S TAX: Use this line only if you want to have all or part of the overpayment on line 21 applied as an estimated payment to next year's Maine insurance premiums tax.

Line 22b. PORTION OF OVERPAYMENT TO BE REFUNDED: Enter here the portion of the overpayment on line 21 to be refunded. The amount entered on this line must equal the difference between lines 21 and 22a.

The following documents that are part of the taxpayer's Annual Statement filed with the Maine Bureau of Insurance must also be attached and filed with this return. All schedules and documents submitted should be clearly identified with the MRS Insurance Account Number for your company.

Domestic and Foreign Life Insurance Companies

- Summary of Operations
- Schedule T – Premiums and Annuity Considerations Allocated by States and Territories
- Direct Business in the State of Maine (Maine state page)

Other Than Life Insurance Companies

- Exhibit of Premiums and Losses (Maine state page filed with Property & Casualty Annual Statement)
- Exhibit of Premiums, Enrollment and Utilization (Maine state page filed with Health Annual Statement)
- Schedule T, Part 1 – Exhibit of Premiums Written
- Operations and Investment Exhibit – Statement of Income (Title Insurers Only)

SCHEDULE 1 INSTRUCTIONS

Line 1. Enter in each column the amount of direct premiums for each insurance product line, as indicated in the column headings, that were **returned to policy holders** during the tax year. Include in these amounts returned premiums that were paid and subject to Maine premiums tax in a prior year as well as returned premiums that were paid in 2004 and are included on your 2004 Form INS-4, Part A, line 1. Payments made pursuant to a benefit provision of a policy are not return premiums even if labeled as such.

Deductions for direct return premiums apply to deferred annuities only if premium taxes were paid on a "front end" basis (i.e. the premium tax was paid in the year in which the premium was paid by the annuitant). Payments refunded to the policyholders that were previously

reported by the company as taxable annuity premiums may be deducted as returned premiums. However, only the previously taxed premiums, and not the earnings, may be deducted. If a deferred annuity contract is surrendered as part of the annuitization process, the previously taxed premiums included in the surrender may be deducted as returned premiums. The entire amount of the resulting immediate annuity will be taxable.

In the case of a partial surrender of an annuity contract, no deduction is allowed for return premiums unless and until the amount returned exceeds the accumulated earnings in the account. The deduction is further limited to the lesser of the amount of previously taxed considerations or the portion of the surrender exceeding the accumulated earnings.

SCHEDULE 1 INSTRUCTIONS (CONTINUED)

Line 2. This line does not apply to Risk Retention Groups. Enter in each column the dividends paid to policyholders or credited on renewals during the year for each product line, as indicated in the column headings. Dividends paid are generally found on the State Page of the NAIC Annual Statement. Do not deduct dividends applied to the purchase of paid up additions as they are NOT deductible. Do not include dividends paid to policyholders or credited on renewals that relate to qualified group disability policies or any other policies that are exempt from Maine premiums tax.

For accident and health dividends paid to or credited to policyholders, enter the amount from the Maine State Page of the NAIC report, line 25.6, column 3. For life insurance dividends paid in cash or left on deposit or applied to renewal premiums, enter the sum of lines 6.1 and 6.2, column 5, from the Maine State Page of the NAIC report.

Line 3. This line does not apply to Risk Retention Groups. Enter premiums exempt from taxation under qualified pension plans. Refer to 36 M.R.S.A. § 2514 for an explanation of premiums that are exempt from taxation. Do not include Roth IRAs established under IRC § 408-A.

Line 4. This line does not apply to Risk Retention Groups. Enter exempt premiums not reported on lines 2 or 3. Do not include premiums exempt under qualified pension plans as those amounts are reported on line 3. If an exemption is being claimed pursuant to federal law, attach a citation to the applicable federal authority. Attach an explanation and any other documentation necessary to substantiate the exemption.

Line 5. Combine the amounts entered on lines 1-4 for each column and enter the totals on line 5. Follow the instructions on the schedule for entering amounts in Column H on the appropriate lines on Form INS-4.

SCHEDULE 2 INSTRUCTIONS

Schedule 2 is used to calculate the amount of tax imposed on Maine premiums by the company's state of incorporation or province of Canada.

Line 1. Enter in each column the amount of gross direct premiums and related fees for each insurance product line, as indicated in the column headings. Enter the sum of columns A-G in column H and on Form INS-4, line 12.

Line 2. Enter in each column the deductions from Maine taxable premiums as calculated on the basis of your state of incorporation for each insurance product line as indicated in the headings of columns A-G. Attach an explanation and documentation of any deductions not allowed under Maine law. Attachments should include your company name and MRS insurance account number. Enter the sum of columns A-G in column H and on Form INS-4, line 13.

Line 3. Subtract line 2 from line 1 for columns A-G. Enter the sum of columns A-G in column H and on Form INS-4, line 14.

Line 4. Enter the tax rate of your state of incorporation for each insurance product line as indicated in the headings of columns A-G.

Line 5. Multiply line 3 by line 4 for Columns A-G. For each column, enter the greater of the product of lines 3 and 4 or the minimum tax your state of incorporation (or province of Canada) would impose on the business reported in that column. In calculating the minimum tax, do not include fees imposed by your state of incorporation (or province of Canada). Enter the sum of columns A-G in column H and on Form INS-4, line 15.

SCHEDULE 3 INSTRUCTIONS

Schedule 3 is used only by captive insurance companies.

Line 5. Multiply the amount on line 4 by the premium tax on direct premiums from the tax rate schedule below. **If the corporate parent of the captive insurer is domiciled in Maine, multiply the amount on line 4 by 2% and enter the result on line 5. Otherwise, calculate the tax on the amount on line 4 using the schedule below and enter the result on line 5.**

DIRECT PREMIUMS TAX RATE SCHEDULE

On the first \$20,000,000 multiply by .00375
On the next \$20,000,000 multiply by .00300
On the next \$20,000,000 multiply by .00200
On each \$1 thereafter multiply by .00075

Line 7. Enter the premium tax on assumed reinsurance premiums from the tax rate schedule below.

ASSUMED REINSURANCE PREMIUMS TAX RATE SCHEDULE

On the first \$20,000,000 multiply by .00225
On the next \$20,000,000 multiply by .00150
On the next \$20,000,000 multiply by .00050
On each \$1 thereafter multiply by .00025



FORM INS-4

2004

MAINE REVENUE SERVICES

INSURANCE PREMIUM TAX RETURN



043000

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MRS Insurance Account Number

NAIC Company Code

Period Covered

Due Date

<input type="text"/>	<input type="text"/>	January 1- December 31, 2004	March 15, 2005
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Name/Address:

CHECK APPLICABLE SPACES:

Business Name (Line 1)

Business Name (Line 2)

Street Address and/or Post Office Box

City

State

Zip Code

☐ Initial return☐ Amended return☐ Final return☐ Risk Retention Group☐ Domiciled in Maine☐ Change of name/addressEnter total assets reported on annual statement: \$, , , .00

Part A – Maine Tax Computation

Premiums:

1a. Accident and Health Premiums	1a. <input type="text"/> , <input type="text"/> , <input type="text"/> .00
1b. Life Premiums	1b. <input type="text"/> , <input type="text"/> , <input type="text"/> .00
1c. Property and Casualty Premiums (other than workers' compensation premiums)	1c. <input type="text"/> , <input type="text"/> , <input type="text"/> .00
1d. Workers' compensation premiums	1d. <input type="text"/> , <input type="text"/> , <input type="text"/> .00
1e. Title insurance premiums	1e. <input type="text"/> , <input type="text"/> , <input type="text"/> .00
1f. Total Gross Direct Premiums (Add lines 1a through 1e)	1f. <input type="text"/> , <input type="text"/> , <input type="text"/> .00
1g. Annuity Considerations received this tax year (See Instructions)	1g. <input type="text"/> , <input type="text"/> , <input type="text"/> .00
1h. Annuity Considerations received prior to January 1, 1999 (See Instructions)	1h. <input type="text"/> , <input type="text"/> , <input type="text"/> .00
1i. Total Annuity Considerations (Add lines 1g and 1h)	1i. <input type="text"/> , <input type="text"/> , <input type="text"/> .00
1j. Total Premiums (Add lines 1f and 1i)	1j. <input type="text"/> , <input type="text"/> , <input type="text"/> .00

Deductions:

2. Direct return premiums or deposits thereon (Schedule 1, line 1, column H)	2. <input type="text"/> , <input type="text"/> , <input type="text"/> .00
3. Dividends paid, credited or allowed on direct premiums (Schedule 1, line 2, column H)	3. <input type="text"/> , <input type="text"/> , <input type="text"/> .00
4. Premiums exempt under <u>qualified</u> pension plans (Schedule 1, line 3, column H)	4. <input type="text"/> , <input type="text"/> , <input type="text"/> .00
5. Other Deductions (Schedule 1, line 4, column H)	5. <input type="text"/> , <input type="text"/> , <input type="text"/> .00
6. Total Deductions (Add lines 2, 3, 4 and 5. Total should equal Schedule 1, line 5, column H)	6. <input type="text"/> , <input type="text"/> , <input type="text"/> .00

Tax:

7. Total net taxable premiums (Line 1j minus line 6)	7. <input type="text"/> , <input type="text"/> , <input type="text"/> .00
8. Net premiums on qualified group disability policies written by large domestic insurer taxable at 2.55% 8a. <input type="text"/> , <input type="text"/> , <input type="text"/> .00 X 2.55% 8b. <input type="text"/> , <input type="text"/> , <input type="text"/> .00	
9. Net premiums on qualified group disability & certified long-term care policies taxable at 1%	9a. <input type="text"/> , <input type="text"/> , <input type="text"/> .00 X 1.00% 9b. <input type="text"/> , <input type="text"/> , <input type="text"/> .00
10. Net premiums taxable at 2%	10a. <input type="text"/> , <input type="text"/> , <input type="text"/> .00 X 2.00% 10b. <input type="text"/> , <input type="text"/> , <input type="text"/> .00
11. Total Tax on Maine basis (Total of lines 8b, 9b and 10b. Can not be less than zero.)	11. <input type="text"/> , <input type="text"/> , <input type="text"/> .00

**Part B – Retaliatory Computation**

Enter the United States Postal Service two letter state abbreviation for your state of incorporation: _____

12. Gross Premiums (Schedule 2, line 1, Column H) 12. _____ , _____ , _____ .00

13. Allowable Deductions (Schedule 2, line 2, Column H) 13. _____ , _____ , _____ .00

14. Net Taxable Premiums (Schedule 2, line 3, Column H) 14. _____ , _____ , _____ .00

15. Premium Tax on basis of state of incorporation (Schedule 2, line 5, Column H) 15. _____ , _____ , _____ .00

Part C – Tax Due

16. Enter the greater of Part A, line 11 or Part B, line 15 16. _____ , _____ , _____ .00

17. Tax on net premiums on captive insurance companies from Schedule 3, line 10 17. _____ , _____ , _____ .00

18. Less: Prior Payments 18. _____ , _____ , _____ .00

19. Tax Credits (Attach schedule – cannot exceed the total of lines 16 and 17) 19. _____ , _____ , _____ .00

20. Balance Due (Line 16 plus line 17 minus line 18 and line 19) 20. _____ , _____ , _____ .00

21. Overpayment 21. _____ , _____ , _____ .00

22a. Portion of overpayment to be APPLIED to next year's ESTIMATED tax 22a. _____ , _____ , _____ .00

22b. Portion of overpayment to be REFUNDED 22b. _____ , _____ , _____ .00

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Date _____ Signature _____ Title _____

Must be signed by the President, Treasurer, Secretary, Chief Accounting Officer, or Attorney-in-fact of a Reciprocal Insurer.

Contact Person _____ Phone # _____

Date _____ Preparer's Signature _____ Preparer's ID Number _____

Important Note: Your return must include required attachments. See page 3 of the instructions for more information.



Make check payable to: Treasurer, State of Maine



Send check and return to: Maine Revenue Services, P.O.Box 9120,
Augusta, ME 04332-9120

Office use only _____

SCHEDULE 1
DEDUCTIONS BY PREMIUM TYPE
AND DOLLAR AMOUNT
For Form INS-4, Part A, lines 2 - 6

Taxpayer Name _____ MRS Insurance Account Number _____ Tax Year _____

	Column A Accident & Health	Column B Life	Column C Front End Annuity Considerations	Column D Property & Casualty (Exclude Title & Workers Comp)	Column E Title	Column F Workers Comp	Column G Other	Column H Totals
1. Direct Return Premiums								
2.* Dividends Paid								
3.* Qualified Pension Plans								
4.* Other Deductions								
5. Totals								

* Lines 2 through 4 do not apply to Risk Retention Groups.

Enter line 1, column H amount on Form INS-4, line 2.
Enter line 2, column H amount on Form INS-4, line 3.
Enter line 3, column H amount on Form INS-4, line 4.
Enter line 4, column H amount on Form INS-4, line 5.

SCHEDULE 2
RETALIATORY TAX

For Form INS-4, Part B

Note: This Schedule must be completed by all insurers not incorporated in Maine.

	Column A Accident & Health	Column B Life	Column C Annuity	Column D Property & Casualty (Excludes Title)	Column E Title	Column F Workers Comp	Column G Other	Column H Totals
1. Gross Premiums								
2. Allowable Deductions								
3. Net Taxable Premiums								
4. Tax Rate - State of Incorporation								
5.* Annual Tax Due								

* If minimum tax applies, enter minimum tax. Do not include fees.

Enter line 1, column H amount on Form INS-4, line 12.
Enter line 2, column H amount on Form INS-4, line 13.
Enter line 3, column H amount on Form INS-4, line 14.
Enter line 5, column H amount on Form INS-4, line 15.

SCHEDULE 3
CAPTIVE INSURANCE COMPANIES
PREMIUM TAX
For Form INS-4, Part C, line 17

Taxpayer Name _____ MRS Insurance
Account Number _____ Tax Year _____

This schedule is used to calculate the amount of all Captive Insurance Companies premiums on insurance written on risks located in, or received from risk members of, the State of Maine during the above period.

Type of Insurance authorized to write: _____

Name of Parent Company _____ Federal EIN _____

Parent Company Corporate Domicile _____
City _____ State _____

Insurance Premiums

1. Direct premiums and related fees and charges 1. _____
2. Return premiums 2. _____
3. Dividends paid, credited, or allowed on premiums 3. _____
4. Net direct premiums (line 1 minus lines 2 and 3) 4. _____
5. **Tax on insurance premiums** (see instructions) 5. _____

Assumed Reinsurance Premiums

6. Assumed reinsurance premiums 6. _____
7. **Tax on assumed reinsurance premiums** (see instructions) 7. _____

Tax

8. Total tax (line 5 plus line 7) 8. _____
9. Alternative minimum tax 9. \$4,000.00
10. **Total tax** - Enter the greater of line 8 or line 9 here
and on FORM INS-4, line 17 10. _____